



ALBUQUERQUE DEVELOPMENT COMMISSION

COMMISSION MEMBERS PRESENT:

Alex Romero
Aaron Forrester
Samuel K. Collins
Archie Garcia

COMMISSION MEMBERS EXCUSED:

Jeanette Baca

CITY STAFF PRESENT:

Regina Chavez - DED
Cynthia Borrego - MRA
Yolanda Aragon - MRA

OTHERS PRESENT:

Dick Heath - Sandia Prep School
Roger Nagel - Sandia Prep School
Duane Brown - Modrall/Sperling Law Firm

Action Summary July 3, 2007

1) Call to Order:

Commissioner Romero called the meeting to order at 3:10pm.

2) Changes and/or Additions to the Agenda:

Commissioner Romero asked if there were any changes and/or additions to the Agenda.

There were none.

Commissioner Garcia made a motion to approve the Agenda.

Commissioner Forrester seconded the motion.

The motion carried unanimously to approve the Agenda.

3) Approval of Minutes:

Commissioner Romero asked for a motion to approve the minutes of May 16th, 2007.

Commissioner Garcia made a motion to approve the minutes.

Commissioner Collins seconded the motion.

The motion carried unanimously to approve the minutes.

4) Announcements:

There were none.

5) Public Comments:

There were none.

6) IRB #07-02 – Sandia Preparatory School Project – IRB Review – Regina Chavez

Commissioner Romero read the mandatory letter for the record, which stated that this is the formal announcement of the public hearing required by the US Treasury Regulations for the issuance of 501 (c)(3) bonds by the Village of Los Ranchos for Sandia Preparatory School. The City of Albuquerque is required to hold a public hearing because Sandia Preparatory School is located in the City of Albuquerque and under the Regulations, the City of Albuquerque is the “host” of the project.

1. The bonds will provide funds to refund the outstanding Industrial Revenue Bonds for Sandia Preparatory School, Series 2002 and to construct and equip buildings and furnishings to be used by Sandia Preparatory School.
2. The aggregate face amount of the bonds will not exceed \$10,000,000.
3. The initial owner and operator of the project will be Sandia Preparatory School, a non-profit corporation organized under New Mexico Law.
4. The location of the project is on the campus of Sandia Preparatory School at 532 Osuna NE, in the City of Albuquerque.

Regina Chavez with the Department of Economic Development stated that Sandia Preparatory School is requesting that the Albuquerque Development Commission consider and approve the issuance by the Village of Los Ranchos de Albuquerque, Industrial Revenue Bonds in the amount of \$10,000,000 on the School’s behalf. The proceeds of the bonds will be used to refund bonds issued by the Village for the School in 2002 and to replace and improve buildings and facilities on the Sandia Prep Campus.

Sandia Prep intends to use proceeds of tax-exempt bonds for two distinct phases of construction. Phase I of construction will consist of construction of a replacement building for a gymnasium and related classrooms with an approximate cost of \$4,500,000. Phase II of construction will consist of

construction of a replacement Performing and Fine Arts facility and related classrooms, with an approximate cost of \$3,500,000. Both projects will be located on Sandia Prep's current campus. Lastly, the remainder of the proceeds of tax-exempt bonds will be used to refund outstanding Industrial Revenue Bonds issued on Sandia Prep's behalf by the Village of Los Ranchos de Albuquerque in 2002 with an approximate cost of \$2,000,000. Sandia Prep is requesting the Bonds to be issued to enable it to borrow money at a tax-exempt interest rate, which currently are approximately 300 basis points below taxable rates. If the School is unable to take advantage of tax-exempt rates, the construction and improvements to its campus would be difficult to afford.

Sandia Prep is exempt from taxation under Section 501 (c)(3) of the Internal Revenue Code and because its property is used for educational purposes, is exempt from property taxation under Article VIII, Section 3 of the New Mexico Constitution. The proposed project is allowed under current zoning. Sandia Prep does not intend to modify, add or change the current zoning designations.

The design for the school's replacement gymnasium incorporates sustainable features as part of the overall initiative to improve the school's campus sustainability and environmental responsibility. Specifications will require the contractor to recycle existing concrete and other materials that will need to be cleared from the site in preparation for the replacement construction. The recycling effort will continue during construction including the recycling of cardboard, wood products, and gypsum board products. The building itself is designed with energy efficient systems including high performance glazing and multiple light switching to control heat gain and allow for day lighting to be used in place of full lighting all the time. The mechanical units will be located on a high reflectance TPO roof system chosen to help prevent solar energy absorption and heat gain. Low-flow plumbing fixtures will be used in the replacement gymnasium to decrease water use and there will also be the installation of a 30,000 gallon cistern system. The cistern system will collect all run off from the field house roofs for reuse for campus landscape.

Commissioner Romero asked the applicant to come forward and talk about the project and the Commissioners can address any questions afterwards.

Roger Nagel, Sandia Prep. School stated that they are excited about this project and that the school is celebrating its 40th year. He said that they are proud of their diversity, ethnic and socio economic status. They would like to replace their 55 year old gym, which is designed like an old airplane hanger. They have 5 athletic fields and they will cut down on watering with their new 3,000 gallon cistern, which will recycle the water for landscaping. The school is in a mixed use community with new construction all around the school, with retail, light industrial and residential.

Commissioner Romero asked for any questions or comments.

Commissioner Garcia asked if the old gymnasium was going to be demolished.

Mr. Nagel stated that it was going to be torn down as part of Phase I. The Performing Arts building will be remodeled in Phase II.

Commissioner Forrester asked what the time frame would be for the projects.

Mr. Nagel stated that they are just starting Phase I now during the summer, so as not to disrupt the faculty and the students and should be completed by March 2008. They will begin Phase II after graduation next year in 2008 and it will probably go until January 2009.

Commissioner Romero stated that he thinks the school has done a great job, but he was looking at the application and since the school has been here since 1966, he noticed that the Hispanic population in the school was 17 or 18%, and he was curious as to why the demographics do not more closely reflect the Hispanic population in the community.

Mr. Dick Heath, Sandia Prep stated that 1 out of 12 dollars goes to financial aid.

Commissioner Romero stated that he is not necessarily talking about scholarships, but their outreach process to try to reach those students beyond financial aid.

Mr. Heath stated that their admissions staff visit over 80 schools all over the city, and they also visit the principals of the 39 elementary schools and advertise in the Spanish newspapers.

Commissioner Romero stated that he was the chair of the Commission in 2002 when the original IRB request came before the Commission and he mentioned back then that he thought the makeup of the Board of Trustees as being a way to reach further into the community. He stated that by looking at the names of the people on the Board, it looks like there hasn't been much progress in that regard and he feels like that is where it starts, the Board itself needs to mirror the community in order to be able to attract those students, especially in the Hispanic community, where the drop out rate is a huge problem, and it becomes a bigger problem as they try to attract business to Albuquerque and they look for skilled workers. He stated that Sandia Prep is an absolutely outstanding school that provides great students, so he would urge them once again, as he did before, to maybe be a little more open in that thinking, as they look at people to bring that representation to the Board and ultimately increase the student population. He also stated that he did not understand the 38% improvement in diversification of enrollment, but he thought it talks about enrollment from 2007 to 2013.

Mr. Heath stated that that was correct. He also stated that he thought that Commissioner Romero had a great idea and would keep it in mind.

Commissioner Garcia mentioned that he sits on a couple of Boards and one of the biggest areas of concern was the reflection of the Boards in terms of their constituents and the people who buy their products and he just wanted to reiterate what Commissioner Romero said, that it should reflect the diversity of their classroom and hopefully that will be the case in coming years.

Commissioner Collins asked if, as the CFO, he was comfortable with the \$10,000,000 obligation in servicing that debt.

Mr. Nagel responded that he was.

Commissioner Romero asked Mr. Duane Brown, to come forward.

Mr. Duane Brown, Modrall, Sperling Law Firm stated that he wanted to thank the Commission for scheduling this meeting on July 3rd, at 3:00pm because it was important for them to keep to their schedule. He also stated that he would be glad to answer any technical questions that the Commission may have. There were no questions.

Commissioner Garcia stated that under the tax free bond structure, it indicated that if a single bond issue rather than a two bond issue was to be done, then they would be looking at a different type of financing and he was wondering if that has been decided.

Mr. Brown stated that they will be using the bond structure that they were proposing under State Statutes.

Commissioner Romero asked to entertain a motion on the recommendation.

Commissioner Garcia made a motion to pass the recommendation.

Commissioner Forrester seconded the motion.

The motion carried unanimously to pass the recommendation.

7) Old Business

There was none.

8) New Business

There was none.

9) Adjourn

Commissioner Romero adjourned the meeting at 3:45pm.